

Message Text

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PAGE 01 DUSSEL 00143 281414Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 L-03 TRSE-00 SAJ-01 PA-02 PRS-01
USIA-15 /055 W
-----282320Z 088159 /73

R 281310Z JAN 77
FM AMCONSUL DUSSELDORF
TO SECSTATE WASHDC 3055
INFO USMISSION USBERLIN
AMEMBASSY BONN
AMCONSUL BREMEN
USMISSION EC BRUSSELS
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USAREUR HEIDELBERG
USAFE RAMSTEIN
USCINCEUR STUTTGART

UNCLAS DUSSELDORF 0143

MILITARY ADDEES FOR POLADS

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: PAY BOOST FOR OVER A MILLION IN NRW METAL FABRICATING

1. IN A LAST MINUTE SETTLEMENT ON JAN 27 A JOINT UNION/
EMPLOYER ARBITRATION BOARD REACHED A COMPROMISE PROVIDING FOR
AN ACROSS-THE-BOARD PAY BOOST OF 6.9 PERCENT FOR APPROX 1.1
MILLION WAGE AND SALARY EARNERS IN THE METAL FABRICATING
INDUSTRIES OF NORTHRHINE-WESTPHALIA. THE INCREASE IS
RETROACTIVE TO JAN 1, 77 PENDING RATIFICATION BY THE COMPETENT
UNION AND EMPLOYER BODIES.

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PAGE 02 DUSSEL 00143 281414Z

2. THE ORIGINAL UNION DEMAND WAS FOR A 9.5 PERCENT INCREASE.
THE FIRST EMPLOYERS' OFFER WAS 4.25 PERCENT IN ADDITION TO
2.25 PERCENT BENEFITS NEGOTIATED IN PREVIOUS CONTRACTS, WHICH
BECAME EFFECTIVE ON JAN 1, 1977. THE NEGOTIATING METAL
WORKERS UNION REFUSED TO RECOGNIZE THE PREVIOUSLY NEGOTIATED
INCREASE AS HAVING ANY BEARING ON THE CURRENT NEGOTIATIONS
BUT REDUCED ITS DEMAND TO 7 PERCENT IN THE FINAL STAGES OF

ARBITRATION, WHILE THE EMPLOYERS INCREASED THEIR OFFER TO 6.5 PERCENT.

3. THE EMPLOYERS WERE UNDER SOME PRESSURE TO REACH A COMPROMISE SINCE THE ARBITRATION PERIOD ENDED AT MIDNIGHT JAN 27. MORE-OVER THE UNION ANNOUNCED IT WOULD SEEK A FIRST SETTLEMENT IN BADEN-WUERTTEMBERG, WHERE THE UNIONS HAVE GENERALLY OBTAINED FAVORABLE RESULTS BECAUSE THE AUTOMOBILE INDUSTRY IS BETTER OFF THAN OTHER BRANCHES OF THE METAL WORKING INDUSTRY.

4. THE METAL WORKERS UNION REFUSED TO REGARD THE COMPROMISE AS A MODEL FOR A SETTLEMENT IN OTHER COLLECTIVE BARGAINING AREAS TO UNDERSCORE THE COLLECTIVE BARGAINING INDEPENDENCE OF ITS DISTRICT ORGANIZATION AND TO COUNTERACT EMPLOYERS DEMANDS FOR MORE CENTRALIZED OR EVEN NATION-WIDE BARGAINING.

5. THE CHAIRMAN OF THE ARBITRATION BOARD, WHO CASTS THE DECISIVE VOTE, WAS NOMINATED BY THE EMPLOYERS. THIS CHAIRMAN WAS UNIMPRESSED BY THE EMPLOYERS' ARGUMENT THAT THE PREVIOUSLY AGREED 2.25 PERCENT SHOULD BE CONSIDERED IN THIS BARGAINING ROUND.

6. EMPLOYERS CIRCLES CLAIM THAT THE SETTLEMENT AS THEY SEE IT, I.E. 6.9 PERCENT PLUS 2.25 PERCENT FROM PREVIOUS CONTRACTS, COMES CLOSE TO THE ORIGINAL UNION DEMAND OF 9.5 PERCENT AND IS MUCH TOO HIGH FROM THE POINT OF VIEW OF THE NATIONAL ECONOMY. MOREOVER IT IS CLAIMED THAT AN ADDITIONAL 2 PERCENT IN LEGALLY REQUIRED FRINGE BENEFITS SHOULD BE ADDED TO THE FINAL RESULTS TO CALCULATE THE FINAL WAGE COSTS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DUSSEL 00143 281414Z

7. THE FEDERAL GOVERNMENT IN ITS ECONOMIC FORECAST FOR 1977 ASSUMED A GROWTH RATE OF GROSS INCOME FOR THE GAINFULLY EMPLOYED OF 8 TO 9 PERCENT, WHICH WOULD PRESUPPOSE LOWER WAGE SETTLEMENTS AS A PREREQUISITE FOR SUFFICIENT GROWTH AND REDUCED UNEMPLOYMENT. IT CAN BE ASSUMED THAT OTHER UNIONS WILL USE THE NRW COMPROMISE AS A BASIS FOR SIMILAR DEMANDS.DUX

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COLLECTIVE BARGAINING, LABOR ARBITRATION, WAGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DUSSEL00143
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770031-1135
Format: TEL
From: DUSSELDORF
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977019/aaaaahvc.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 668e84de-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3679376
Secure: OPEN
Status: NATIVE
Subject: PAY BOOST FOR OVER A MILLION IN NRW METAL FABRICATING
TAGS: ELAB, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/668e84de-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009